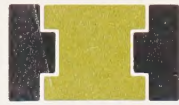
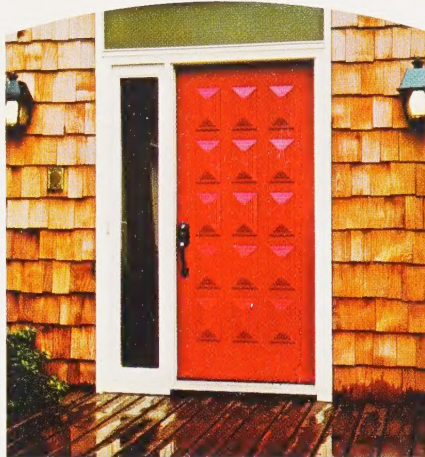


AR28



INDAL Canada Limited

9th ANNUAL REPORT 1973



HIGHLIGHTS OF 1973

FINANCIAL

Total assets

Sales-Manufacturing operations

Net earnings

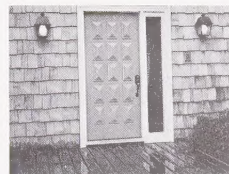
Earnings per share

	1973	1972
Total assets	\$86,598,556	\$44,606,207
Sales-Manufacturing operations	89,903,585	70,689,348
Net earnings	3,855,159	2,097,722
Earnings per share	2.41	1.45

OPERATIONS

Six of the seven pictures on the cover of this Report relate to other highlights of 1973. These included:

The addition of insulated steel entrance doors to the Indal Group's product lines. Indal companies in Western and Eastern Canada began production during the year of these increasingly popular residential construction products.



The opening of a new and larger Eastland Metals' plant in Mississauga, Ont., and construction in Richmond, B.C., of a new and larger plant for Westland Metals. Photo shows the new cold roll mill in the Eastland Metals plant.



The opening in Toronto by Tempglass of its new plant for the production of tempered safety glass for use in shower-tub enclosures, patio doors and other building products. The plant is the first in Canada to use the roller hearth method of tempering glass.



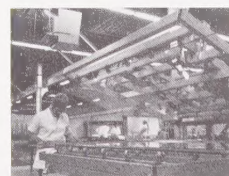
The formation by Indal Products of a Marine Division to manufacture in Toronto the Thornes line of aluminum boats and canoes and to market the "Glastron" line of fibreglass boats in Ontario.



The opening by North American Die Casting Corp. in Fredericksburg, Va., of a new plant for the production of zinc die castings. Photo shows production of similar products by Custom Zinc Die Casting, Toronto.



Production of sealed glass window units by Western Aluminum Products, Calgary, and Airlite Glass Insulating Limited, a new Indal company in Toronto. Photo shows equipment used to seal the insulated units.





Directors

DERMOT G. COUGHLAN
THOMAS H. EANSOR
DEREK EDWARDS

ROBERT B. LEESON
J. ROSS LeMESURIER
DONALD J. McDONALD
GEORGE H. MONTAGUE
JAMES A. PATERSON

HARRY M. RICH
J. DEREK RILEY
PETER G. SELLEY

WALTER E. TRACEY

WILLIAM R. TUER, Q.C.

President, Indal Canada Limited, Toronto
President, Fabricated Steel Products (Windsor) Limited, Windsor
Chairman and Chief Executive Officer, Pillar Aluminium Limited, London, England
President, Westland Metals Ltd., Vancouver
Vice-President, Wood Gundy Limited, Toronto
Executive Vice-President, The Investors Group, Winnipeg
Vice-President, MerBan Capital Corporation Limited, Toronto
Chief Executive and Deputy Chairman, R.T.Z. Europe Limited, London, England
President, Fashion Grilles, Toronto
President, Dominion Bronze Limited, Winnipeg
Vice-President, Finance and Treasurer, Indal Canada Limited, Toronto
Chairman and Chief Executive Officer, Indal Canada Limited, Toronto
Partner, Borden & Elliot, Toronto

Officers

WALTER E. TRACEY
DERMOT G. COUGHLAN
PETER G. SELLEY
W. LYLE MUIR
JON N. A. LeHEUP

Chairman and Chief Executive Officer
President
Vice-President, Finance and Treasurer
Secretary and Assistant Treasurer
Controller

Head Office

52 Arrow Road, Weston, Ontario, M9M 2L8

Auditors

COOPERS & LYBRAND

Chartered Accountants

Transfer Agents and Registrars

Preferred Shares
Common Shares

Canada Permanent Trust Company, Toronto
The Royal Trust Company, Toronto, Montreal, Winnipeg, Regina and Vancouver

REPORT TO THE SHAREHOLDERS

for the year ended December 31, 1973

The last annual report mentioned the optimism of your directors concerning the year ahead and we are pleased to report that 1973 was another excellent year for your company. The expansion in the Canadian economy was reflected in a heavy demand for all of the group products and the companies that formed the group at the start of the year showed a very strong growth in sales and earnings. There was also a valuable contribution from new ventures initiated and acquisitions made during 1973.

Net earnings increased to \$3,855,159 (\$2.41 per common share) compared to \$2,097,722 (\$1.45 per common share) for the twelve months ended December 31, 1972. Group sales for the year, excluding metal trading sales to third parties, totalled \$89,903,585 compared to \$70,689,348 for the previous twelve months.

1973 was a record year for construction in Canada and the markets of home improvement and consumer products, automotive and engineering all showed a very high level of activity. Your company took full advantage of this and the increased sales volume resulted in a greater and more efficient utilization of production capacity. This, together with improved selling prices, has, despite substantial increases in raw material, labour and finance costs, resulted in an overall increase in gross margins.

The product and geographic diversification policy which has been carried out by your company over the past three years has gone a considerable way towards achieving a broader industrial base and a more stable business cycle to the company's activities. New ventures started in 1973 included international metal trading, the distribution of fibreglass boats and the manufacture of tempered glass, residential steel entrance doors and glass sealed units.

The dividend paid on the common shares of the company, in line with improved earnings, was increased in 1973 from 7½¢ to 15¢ per quarter.

Financing

During March the company completed an \$8,000,000 8½%, 20 year sinking fund debenture financing which resulted in net proceeds to your company of \$7,768,000.

Board Changes and Senior Officer Appointments

During the year your board accepted with regret the resignation of Mr. D. Fredjohn, Chairman, who resigned to pursue other interests. The board expresses its appreciation for the most valuable con-

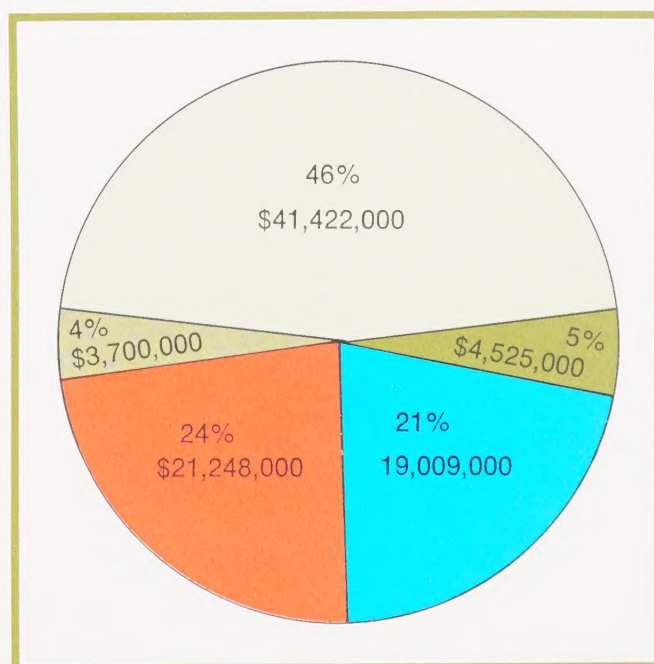
tribution made by Mr. Fredjohn to the development and growth of your company.

Following the resignation of Mr. Fredjohn, Mr. W. E. Stracey formerly President of the company was elected Chairman of the Board and Chief Executive Officer and Mr. D. G. Coughlan formerly Executive Vice-President was elected President.

Mr. P. G. Selley, C.A. who had previously been Controller and Treasurer of the company was elected Vice-President, Finance and a director of the company and Mr. J. N. LeHeup, C.A. formerly Assistant Controller was appointed Controller.

There were two other additions to the board during the year. Mr. J. D. Riley of Winnipeg, President of Dominion Bronze Limited and Chairman of the Western Aluminum Products Group, joined the board. Mr. D. Edwards, London, England, was elected a director of the company in place of Mr. D. Fredjohn. Mr. Edwards is Chairman of Pillar Aluminium Limited, a group undertaking analogous activities in the U.K. to those of your company.

Markets Served



CONSTRUCTION

AUTOMOTIVE

HOME IMPROVEMENT & CONSUMER

OTHER

CUSTOM ENGINEERING

Corporate Changes

During 1973 five new companies were incorporated. In March, Celwood Plastics Ltd., Toronto, a 60% owned subsidiary was formed to produce vinyl extrusions and simulated wood mouldings, taking over part of the business formerly operated as Thermoplastics Division. In May, Sonner Products Limited, then 75% owned, of Cambridge, Ontario was formed to manufacture residential steel doors and subsequent to the year end its activities were taken over by Therma-Tru Limited, a newly formed 56¼% owned subsidiary, to manufacture and market steel doors across Canada in co-operation with U.S. minority partners who were already successfully engaged in the sale of steel doors manufactured in the U.S. In September, Airlite Glass Insulating Limited, Toronto, 75% owned, was incorporated to manufacture glass sealed units. Effective July 1973 Rio Indal, Inc., Cleveland, Ohio, a 75% owned subsidiary, was formed to engage in metal trading in the United States and overseas. In last year's report, reference was made to Tempglass Limited, Toronto, an 85% owned subsidiary formed in January 1973 to manufacture tempered glass and which has been fully operational since January 1974. Effective April 1973 the 50% balance of the Western Aluminum Products partnership, Calgary, including Dominion Bronze Limited, Winnipeg, and Hialco Mfg. Division, Vancouver, was purchased.

During 1973 a number of internal changes occurred: The business of Wesdale Industries Limited was transferred to Commercial Aluminum, a division of the company engaged in the manufacture of commercial entrances and store front systems. Indal Products Limited, Toronto, took over the Thornes aluminum boat business from Fabricated Steel Products (Windsor) Limited and also started a Marine Division to market Glastron fibreglass boats. Indal Products Limited also established a branch in Moncton, New Brunswick to manufacture and market doors, windows and other products in the Atlantic region.

Operating Report

Aluminum Extrusions and Surface Finishings

Despite a severe shortage of raw materials the aluminum extrusion and finishing operations of the group, which are located in four provinces in Canada, all produced excellent results. Selling prices reflected the heavy increases in raw material costs and the larger sales volume made greater use of production capacity which now includes six extrusion presses, most of which are of the latest design. The addition of an extrusion press to the Toronto plant mentioned in last year's report was particularly beneficial and the painting, anodizing

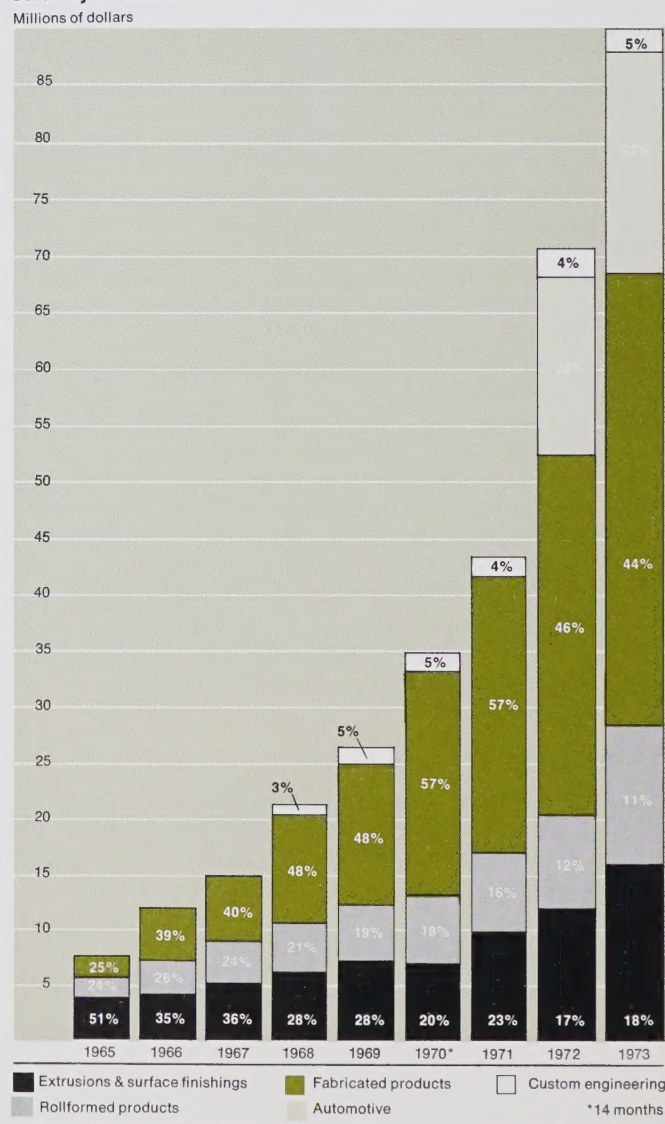
and fabricating departments fully contributed to the results.

Doors, Windows, Ladders and Hardware

The very high level of residential construction in Canada benefited all the group companies producing aluminum prime windows, storm doors, patio doors, ladders and wood windows, which all showed a healthy growth.

Although aluminum prime windows are supplied by your company mainly to high rise buildings which in 1973 had some falling off in activity, nevertheless sales increased and margins were maintained. The production of patio doors, ladders, storm doors and windows was also at a very high level although the

Sales by Products



contribution from storm door sales was affected by delays in shipping and additional costs caused by the railway strike at the end of the year.

Western Canada operations in windows and doors enjoyed a good year and the production of patio doors and prime windows in Vancouver showed particularly good results.

In 1973, the wood window operation in Toronto moved into larger premises and the increased capacity and greater production efficiency showed excellent results. The new company manufacturing residential steel doors is expected to make a significant contribution in 1974 from this growing market. The mobile home and travel trailer industry however has shown some falling off in volume and your company has also experienced severe competition in Ontario which has resulted in a reduction in margins. Although sales of accessories and hardware increased, prices were under severe pressure and the lower gross margins produced a disappointing contribution to group earnings.

Glass

An investment which your company made in 1973 was the formation of a new company which produces tempered glass for use in the construction industry. The process is under exclusive licence from a company in Toledo, Ohio. This company operates in a new plant of 30,000 square feet and after only three month's start-up was in full production from January 1974. The efficiency of production and quality of product is already evident and it is anticipated that there will be an increase in demand for tempered glass following the introduction of legislation in Canada effective January 1974 requiring its use in storm doors, patio doors, tub and shower enclosures and other products. Your company views with optimism the prospects for increased growth in this new area of its business.

The formation of a company also in late 1973 to manufacture glass sealed units in Toronto has made an excellent start. This operation is housed in a 29,000 square foot plant and is already supplying third parties and the Indal group's own needs for sealed units used in aluminum and wood windows. The management of this new operation is thoroughly experienced in this market and the company anticipates good growth from this investment.

Die Casting

Your company has two die casting operations, one based in Toronto and the other in Fredericksburg, Virginia. The Toronto operation made a small profit contribution and has supplied Indal subsidiary companies' needs for zinc die cast architectural components.

The Fredericksburg plant went into production in

1973 and has now established a position in the U.S. market selling to third parties. It is anticipated that this operation will in 1974 make a contribution to group earnings.

Automotive

The automotive industry showed good growth in 1973 and the Indal operation in Windsor, Ontario expanded its premises in the summer by a further 50,000 square feet. Major additional equipment was purchased and operations are now conducted on a more streamlined and efficient basis in the enlarged premises where a significant contribution to earnings was made in 1973. Although there is considerable uncertainty at this time regarding the outlook for the automotive industry in 1974, some new business has been obtained and providing the automotive industry does not have a severe recession with major cut-backs in automotive production, then a continuation of progress is expected.

The recycling and replating of automobile bumpers in Edmonton and Winnipeg experienced a year with severely increased competition and a resultant diminution in margins. This caused a set-back in the middle of 1973 but there were signs of improvement at the end of the year and 1974 is expected to show a recovery to former trading levels. It is expected that Auto Pac Insurance will be introduced in British Columbia in 1974 and your company opened an outlet in Vancouver subsequent to the end of the year from which it is expected that penetration of this new market will be made.

Marine

The production of a range of aluminum boats in Windsor, Ontario was transferred to Toronto during the year as part of the aluminum fabricating operations of Indal Products Limited. Boat sales are expected to increase as a result of this reorganization and early indications point to a good order book for 1974.

Also at the end of 1973 the Ontario franchise for the distribution of Glastron fibreglass boats was obtained from the Texas manufacturers and orders have already been received for a substantial volume of 1974 sales.

Commercial and Institutional Architectural Products

This part of the group's operations showed a thoroughly satisfactory year with good increases in sales and earnings. Subsequent to the end of the year the Toronto operations were moved to a new 50,000 square foot plant to give larger capacity and improved production facilities. The automatic door operator was, in 1973, merged with commercial door and entrance manufacturing in order to take advantage of better production facilities and a wider mar-

ket coverage from the sales force of that division. This move has successfully been completed and the above improvements together with a wider range of products are expected to continue the strong growth this part of the group's business has shown.

It was indicated in the 1972 annual report that a re-organization of the operable wall and partition business was being undertaken. These moves have now been completed and we are pleased to report that the rationalization of operations into smaller premises has effected a considerable improvement in results.

Rollforming

This part of the company's activities with operations in three separate locations has shown record sales and results. A major expansion was carried out by the Ontario cold rollforming operation and the new facilities are now servicing the increased volume for industrial and agricultural products in the Ontario and Quebec market. New premises for the British Columbia rollforming company were occupied in February 1974. Both of these new plants will enable the group to continue the strong growth shown in past years.

The operation engaged in specialized custom rollforming also moved to new premises in 1973 and is showing very satisfactory results.

Design Engineering

The progress made in 1972 was continued in 1973 and record sales and earnings were achieved. The range of products has been expanded and including defence work and other commercial projects, the order backlog at the end of the year was at the highest level in the company's history. New premises with double the production capacity are planned for construction and occupation in the second half of 1974.

Metal Trading

This operation which engages in the metal trading of mainly aluminum but also zinc and other metals made a very satisfactory start and although the results were only included in your company's statements from July 1973, a valuable contribution to earnings has been made. During this period old contracts were completed on an agency fee basis on behalf of the company from whom certain assets were purchased in the setting up of the metal trading business. The agency fee is included in other income on the consolidated earnings statement for Indal Canada Limited. Considerable new business was also contracted and is in the future expected to produce earnings to replace the agency fees earned

in 1973 which are now almost complete. Sales are made from offices in Cleveland, Ohio and although all metals are in short supply throughout the world, the experience and knowledge of the management of this company is expected to continue to produce good trading results from metal markets.

Conclusions and Prospects

1973 was a year in which Indal Canada consolidated its position in all of its markets and continued the product and geographic diversification which has been the policy of your company for the last three years. Four new ventures were initiated and there were two major acquisitions.

In viewing prospects for the immediate future, 1974 is an extremely difficult year to forecast. It is generally expected that the Canadian economy will show some growth but this is clouded by any effects a possible recession in other parts of the world may have. Residential construction is expected to fall back from the record 265,000 starts in 1973 but will still be at a high level. Non-residential construction, aided by a large increase in business investment in plant and equipment, and consumer products are both expected to show good growth. The automotive industry is expected to slow down in 1974 but a significant portion of your company's products are supplied for small cars and trucks, which may relieve to some extent the effects on your company of a possible slowdown.

Your company now has a broad industrial base in 47 locations in Canada and the United States. Capital expenditures on fixed assets and equipment in 1973 and previous years ensure sufficient production capacity for continued growth. A number of new ventures started towards the end of 1973 will show a full year's results in 1974 and are expected to make a greater contribution towards earnings. Your company will continue to seize good opportunities for strategic and organic expansion as well as exceptional new ventures as they occur. Providing therefore, that Canada escapes the worst effects of any economic recession in other countries and government fiscal and monetary policies reasonably accommodate business expansion and consumer expenditure your group has the underlying management strength and production capacity to continue the progress shown in past years.

We once again welcome the opportunity to extend our appreciation and thanks to all the operating heads and their staffs without whose loyalty and efforts your company could not have achieved such excellent results.

W. E. STRACEY — Chairman of the Board
D. G. COUGHLAN — President.

INDAL CANADA LIMITED
and Subsidiary Companies

**CONSOLIDATED STATEMENT OF EARNINGS
AND RETAINED EARNINGS**

for the years ended December 31

	1973	1972
Earnings		
Sales from manufacturing operations (note 3)	\$89,903,585	\$70,689,348
Cost of manufacturing sales	68,084,196	54,475,101
Gross profit from manufacturing operations	21,819,389	16,214,247
Gross profit from metal trading (note 3)	1,378,577	—
	23,197,966	16,214,247
Expenses	16,488,920	11,529,474
Selling and distribution	7,520,906	5,719,064
Administration	6,776,408	4,463,375
Financial	2,191,606	1,347,035
	6,709,046	4,684,773
Other income less expenses	1,915,503	242,081
Earnings before income taxes (note 4)	8,624,549	4,926,854
Income taxes (note 5)	4,113,851	2,339,863
Earnings after income taxes and before minority shareholders' interest	4,510,698	2,586,991
Minority shareholders' interest	655,539	489,269
Net earnings	\$ 3,855,159	\$ 2,097,722
Earnings per common share		
Basic	\$ 2.41	\$ 1.45
Fully diluted (note 6)	\$ 2.12	\$ 1.30
Retained Earnings		
Balance — beginning of year	\$ 4,581,460	\$ 3,057,600
Net earnings	3,855,159	2,097,722
	8,436,619	5,155,322
Dividends paid		
Preferred shares	87,501	92,501
Common shares	661,484	410,416
Share issue expenses, less related income tax reduction	—	70,945
	748,985	573,862
Balance — end of year	\$ 7,687,634	\$ 4,581,460

INDAL CANADA LIMITED
and Subsidiary Companies

CONSOLIDATED BALANCE SHEET

as at December 31

ASSETS

Current Assets

	1973	1972
Accounts receivable — trade	\$36,075,264	\$12,208,891
Accounts receivable — parent	17,419	18,355
Inventories (note 7)	18,084,480	9,527,346
Other accounts receivable and prepaid expenses	1,552,947	1,495,596
	<u>55,730,110</u>	<u>23,250,188</u>

Investment in Partnership — at cost plus undistributed earnings

—	<u>2,105,912</u>
---	------------------

Fixed Assets — at cost

Land	1,360,866	435,073
Buildings	7,892,022	3,152,398
Equipment	13,207,454	9,271,719
Leasehold improvements	1,160,678	858,813
Office furniture and equipment	894,864	543,629
Motor vehicles	1,555,112	872,017
	<u>26,070,996</u>	<u>15,133,649</u>
Accumulated depreciation	7,145,791	5,314,505
	<u>18,925,205</u>	<u>9,819,144</u>
Tools and dies at cost less amortization	878,373	771,291
	<u>19,803,578</u>	<u>10,590,435</u>

Intangible Assets

Excess of cost of investments over net book value	10,098,233	8,219,886
Deferred charges less amortization (note 8)	966,635	439,786
	<u>11,064,868</u>	<u>8,659,672</u>
	<u>\$86,598,556</u>	<u>\$44,606,207</u>

Signed on behalf of the Board

D. G. COUGHLAN, Director

W. E. TRACEY, Director

LIABILITIES

Current Liabilities

Bank advances (note 9)	\$17,021,554	\$ 8,796,106
Accounts payable — trade	19,136,504	4,126,316
Accounts payable — affiliates	4,403,121	1,840,130
Other accounts payable and accrued charges	4,190,211	1,862,009
Income and other taxes payable	3,553,675	1,112,645
Current portion of deferred liabilities (note 10)	368,736	265,035

48,673,801 18,002,241

Deferred Liabilities less current portion (note 10)

14,158,366 7,941,439

Deferred Gain on Sale and Leaseback

120,943 126,679

Deferred Income Taxes

2,018,625 1,352,651

Minority Shareholders' Interest in Subsidiary Companies

1,737,446 968,489

66,709,181 28,391,499

SHAREHOLDERS' EQUITY

Capital Stock (note 11)

Authorized —

191,669 cumulative preferred shares of the par value of \$10 each, issuable in series, of which 85,000 have been designated as Series A and 56,669 as Series B

3,000,000 common shares of no par value

Issued and fully paid —

141,669 6% Series A and B preferred shares redeemable at 103%

1,590,162 common shares

1,416,690 1,500,020

10,785,051 10,133,228

Retained Earnings

7,687,634 4,581,460

19,889,375 16,214,708

\$86,598,556 \$44,606,207

INDAL CANADA LIMITED
and Subsidiary Companies
CONSOLIDATED STATEMENT OF CHANGES
IN FINANCIAL POSITION

for the years ended December 31

	1973	1972
Source of Funds		
Operations –		
Net earnings before charging minority shareholders' interest	\$ 4,510,698	\$ 2,586,991
Items not affecting funds		
Depreciation and amortization	2,707,392	1,973,321
Deferred income taxes	665,974	317,153
Equity in undistributed earnings of partnership	—	(295,813)
Minority interest in partnership earnings	—	(254,380)
	<u>7,884,064</u>	<u>4,327,272</u>
Proceeds from sale of fixed assets	175,411	195,956
Issue of deferred liabilities	9,825,000	4,578,220
Repayment of mortgage receivable	—	122,892
Issue of common shares	651,823	5,695,228
Investment by minority shareholders	224,625	47,500
Other	242,841	(119,689)
Total source of funds	<u>19,003,764</u>	<u>14,847,379</u>
Application of Funds		
Purchase of fixed assets	7,891,896	4,349,633
Acquisition of shares in subsidiaries	232,882	5,086,686
Acquisition of balance of partnership	2,891,000	—
Dividends – preferred shares	87,501	92,501
– common shares	661,484	410,416
Dividends to minority shareholders in subsidiary companies	27,250	11,175
Redemption of preferred shares	74,164	76,247
Retirement of deferred liabilities	5,232,125	3,775,294
Deferred charges	863,702	388,563
Total application of funds	<u>17,962,004</u>	<u>14,190,515</u>
Increase in working capital attributable to operations	1,041,760	656,864
Increase in working capital attributable to subsidiaries acquired during the year	766,602	1,116,539
Increase in working capital	<u>\$ 1,808,362</u>	<u>\$ 1,773,403</u>
Changes in Elements of Working Capital		
WORKING CAPITAL – BEGINNING OF YEAR	\$ 5,247,947	\$ 3,474,544
Current assets – increase		
Accounts receivable and prepaid expenses	23,922,788	4,332,885
Inventories	8,557,134	4,157,568
	<u>32,479,922</u>	<u>8,490,453</u>
Current liabilities – increase		
Bank advances and current portion of deferred liabilities	8,329,149	4,190,822
Accounts payable and accrued charges	19,901,381	2,223,359
Income and other taxes payable	2,441,030	302,869
	<u>30,671,560</u>	<u>6,717,050</u>
NET INCREASE IN WORKING CAPITAL	<u>1,808,362</u>	<u>1,773,403</u>
WORKING CAPITAL – END OF YEAR	<u>\$ 7,056,309</u>	<u>\$ 5,247,947</u>

INDAL CANADA LIMITED and Subsidiary Companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 1973

1. ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries (companies more than 50% owned). All material intercompany items and transactions between consolidated companies, including profits in inventories, have been eliminated. It is the policy of the Company not to amortize the excess of cost of investments over book value of net assets.

Fixed Assets

Fixed assets are stated at acquisition cost, including transportation and installation charges. Depreciation is computed on a straight line basis at rates which will write off the respective assets over their estimated useful lives as follows:

Buildings	20 to 40 years
Equipment	8 to 10 years
Leasehold improvements	life of lease
Office furniture and equipment	7 to 10 years
Motor vehicles	4 years
Tools and dies	2 to 10 years

Maintenance and Repairs

Maintenance and repairs of a routine nature are charged to earnings while those expenditures which improve or prolong the useful life of assets are capitalized.

Income Taxes

The Company follows the deferral method of income tax allocation. The deferred income taxes relate to future tax recoveries, holdbacks receivable, depreciation, deferred charges and warranty reserves.

2. EXCESS OF COST OF INVESTMENTS OVER BOOK VALUE OF NET ASSETS

The Company acquired the 50% balance of the Western Aluminum Products partnership and 75% of Rio Indal, Inc., a metal trading operation, during 1973. In addition the Company acquired the remaining minority interest in three other businesses. The results of operations reflect these purchases from the effective dates of acquisition. The following is a summary of the disposition of the purchase consideration:

	Effective date of acquisition	Percent of equity acquired	Net assets acquired	Goodwill	Consideration Cash	Shares
Western Aluminum Products	April 1, 1973	50	\$2,786,803 ⁽¹⁾	\$104,197	\$2,891,000	—
Rio Indal, Inc.	July 1, 1973	75	733,976	—	133,976	\$600,000 ⁽²⁾
Others	Jan. 1 to Oct. 1, 1973	17½ to 30	72,966	159,916	232,882	—

(1) Includes \$984,947 adjustment to fair value of net assets acquired and \$798,751 goodwill on Western Aluminum Products' balance sheet.

(2) The Company issued 48,000 common shares with an ascribed value of \$600,000.

3. SALES

It is the opinion of the Directors that the Company has only two lines of business, manufacturing and metal trading. Within the manufacturing business, sales by major categories were:

	1973	1972
Fabricated products	\$ 39,342,508	\$29,331,679
Automotive	19,865,165	18,666,613
Extrusions and surface finishings	15,907,356	11,909,615
Rollformed products	10,349,865	8,191,566
Custom engineering	4,438,691	2,589,875
	89,903,585	70,689,348
Sales from metal trading	36,229,178	—
Total sales	\$126,132,763	\$70,689,348

4. EARNINGS BEFORE INCOME TAXES

Earnings before income taxes are stated after charging:

	1973	1972
Depreciation and amortization	\$2,707,392	\$2,224,024
Interest on bank advances	1,149,988	504,320
Interest on deferred liabilities	1,052,596	658,732
Rent on leased premises	872,569	684,729
Remuneration of directors and senior officers		
(i) 13 directors whose aggregate remuneration as directors amounted to	8,000	8,583
(ii) 5 officers whose remuneration as officers amounted to	214,746	154,130
(iii) 3 officers are also directors of the Company		
(iv) 1 director is an officer of Dominion Bronze Limited and his aggregate remuneration as an officer of that company amounted to	51,628	—
(v) 1 director is an officer of Westland Metals Ltd. and his aggregate remuneration as an officer of that company amounted to	54,327	49,855
(vi) 1 director is an officer of Fabricated Steel Products (Windsor) Limited and his aggregate remuneration as an officer of that company amounted to	51,326	73,150

5. INCOME TAXES

The income taxes based on the earnings of the year are made up of:

	1973	1972
Income taxes payable for the year	\$3,447,877	\$2,022,710
Deferred income taxes	665,974	317,153
	<u>\$4,113,851</u>	<u>\$2,339,863</u>

6. DILUTION OF EARNINGS PER COMMON SHARE

Fully diluted earnings based on the exercise of all the share purchase warrants, the share options and the conversion of all the convertible debentures would be \$2.12 per share, assuming that the potential proceeds of \$1,253,802 on exercise of share options and warrants would yield income equal to the interest rate on the convertible debentures.

7. INVENTORIES

Raw material inventories are valued at the lower of cost and replacement cost and other inventories are valued at the lower of cost and net realizable value.

	1973	1972
Raw materials	\$12,904,881	\$6,570,025
Work in progress	1,339,752	853,207
Finished goods	3,839,847	2,104,114
	<u>\$18,084,480</u>	<u>\$9,527,346</u>

8. DEFERRED CHARGES LESS AMORTIZATION

	1973	1972
Preproduction and development costs	\$449,342	\$410,805
Financing charges	334,590	18,732
Patents and licences	182,703	10,249
	<u>\$966,635</u>	<u>\$439,786</u>

Preproduction and development costs are amortized over 1 to 5 years. Charges incurred in issuing deferred liabilities are amortized over the term of the financing. Patents and licences are written off over their estimated useful lives.

Future amortization will be:

1974 —	\$196,588
1975 —	182,588
1976 —	155,616
1977 —	91,568
after 1977 —	340,275
	<u>\$966,635</u>

9. BANK ADVANCES

Bank advances are secured by the pledge of book debts and, in certain subsidiaries, by inventories.

10. DEFERRED LIABILITIES

	1973		1972	
	Current	Deferred	Current	Deferred
8½ % Sinking Fund Debentures, Series A, due on March 15, 1993 with annual repayments by way of sinking fund of \$100,000 in 1974 to 1976, \$200,000 in 1977 to 1980, \$300,000 in 1981 to 1984, \$400,000 in 1985 to 1988 and \$550,000 in 1989 to 1992	\$100,000	\$ 7,900,000	—	—
9½ % Convertible Debentures, Series A, due on March 1, 1980, convertible by the holders at any time up to that date into common shares of the company at \$13.09 per share	—	2,000,000	—	\$2,000,000
Mortgages maturing —				
within 5 years, 6% to 9%	171,213	275,159	\$170,811	446,500
in 5-10 years, 7½ % to 10¼ %	9,065	78,705	23,587	95,338
after 10 years, 7% to 9½ %	70,478	3,258,376	32,657	801,594
9% Loans (including \$225,000 from a director) secured by 1st mortgage payable in semi-annual instalments of \$28,125 commencing March 31, 1976 or on demand after September 30, 1975	—	450,000	—	—
Prime rate plus 1½ % bank loan payable in monthly instalments of \$2,000 including interest	4,000	191,484	24,000	178,220
Term bank loan	—	—	—	4,400,000
Miscellaneous financing payable in varying amounts to March 31, 1975	13,980	4,642	13,980	19,787
	<u>\$584,736</u>	<u>\$14,158,366</u>	<u>\$265,035</u>	<u>\$7,941,439</u>

11. CAPITAL STOCK

(a) CHANGES IN CAPITAL STOCK

The following changes in the issued capital stock were effected during the year:

	Number of shares	Amount
(i) 6% PREFERRED SHARES		
December 31, 1972	150,002	\$ 1,500,020
Redemptions	8,333	83,330
December 31, 1973	<u>141,669</u>	<u>\$ 1,416,690</u>
(ii) COMMON SHARES		
December 31, 1972	1,535,912	\$10,133,228
Exercise of stock options	5,750	49,323
Exercise of warrants	500	2,500
Partial consideration for purchase of Rio Indal, Inc.	48,000	600,000
December 31, 1973	<u>1,590,162</u>	<u>\$10,785,051</u>

(b) COMMON SHARES RESERVED FOR ISSUE

(i) STOCK OPTIONS

At December 31, 1973, there were outstanding options to purchase 76,550 common shares (including 18,300 to directors and senior officers) of which options on 37,250 shares are exercisable at \$13.95 per share and the balance between \$7.65 and \$12.15 per share. These options expire in 1977, 1978, 1979 and 1980.

(ii) SHARE PURCHASE WARRANTS

At December 31, 1973, 69,200 common share purchase warrants were outstanding. These warrants expire December 31, 1975 and may be exercised at a price of \$5.00 per share, which price is subject to reduction in certain circumstances.

(iii) CONVERTIBLE DEBENTURES

At December 31, 1973, 152,788 common shares were subject to issuance at \$13.09 per share under the conversion rights attaching to the 9½% Convertible Debentures (1972 – 152,788 common shares at \$13.09 per share).

12. CONTINGENT LIABILITIES

- (a) Indal Canada Limited has agreed to acquire, on request from the present minority shareholders of ten subsidiaries, their shareholdings in these companies at prices based on the profits earned by such subsidiaries. In respect of six subsidiaries these rights were not yet exercisable at December 31, 1973 and hence the potential cost cannot be determined. For those subsidiaries on which these rights may be exercised, the cost based on profits to December 31, 1973 would be approximately \$1,195,000.
- (b) The purchase consideration for Rio Indal, Inc. is to be adjusted upwards or downwards by March 1, 1975 based upon earnings thereof to January 14, 1975. The maximum additional consideration that might be payable by the Company is \$600,000 U.S. funds.
- (c) Unrecorded capital commitments in respect of the acquisition of additional fixed assets, including commitments made after the year end amount to approximately \$1,300,000.
- (d) Minimum annual rentals under contracts for lease of premises amount to \$891,175 of which \$640,607 relates to leases expiring after December 31, 1978.
- (e) The Company is named as defendant in an action asking substantial damages and an accounting of the related profits of a subsidiary for conspiracy to induce two persons presently employed by the subsidiary to, inter alia, breach contracts of employment with the plaintiff. Counsel has stated that evidence so far given for the plaintiff does not indicate any inducement on the part of the Company or its directors and also does not demonstrate the occurrence of any of the acts complained of. All of the defendants have denied all of the acts complained of.

COOPERS & LYBRAND

CHARTERED ACCOUNTANTS

OFFICES THROUGHOUT CANADA
AND IN PRINCIPAL AREAS
OF THE WORLD

TELEPHONE (416) 869-1130
145 KING STREET WEST
TORONTO, ONTARIO, CANADA
M5H 1V8

January 31, 1974

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Indal Canada Limited and subsidiary companies as at December 31, 1973 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and changes in financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

INDAL CANADA LIMITED

OPERATING SUBSIDIARIES AND DIVISIONS

	<i>% of Equity Attributable to the Company</i>	
Glass sealed window and door units	75	AIRLITE GLASS INSULATING LIMITED, Toronto J. Shapiro, President
Aluminum prime windows and patio doors	100	ALUMIPRIME Division, Toronto H. Lazar, General Manager
Aluminum patio, mirror and tub doors	100	BRAMPTON ALUMINUM PRODUCTS LIMITED, Brampton J. Halko, President
Vinyl extrusions and simulated wood mouldings	60	CELWOOD PLASTICS LTD., Toronto J. J. Giuffre, President
Aluminum commercial entrances, store front systems and automatic door operators	100	COMMERCIAL ALUMINUM Division, Toronto B. R. Leaman, General Manager
Cold rollformed steel and aluminum	90	CUSTOM ROLLFORMING COMPANY LIMITED, Toronto G. Berdan, General Manager
Zinc die cast products	100	CUSTOM ZINC DIE CASTING LIMITED, Toronto H. M. Rich, President
Aluminum railings, flagpoles, light standards, highway trusses towers, helicopter hangars and custom engineered aluminum products	80	DOMINION ALUMINUM FABRICATING LIMITED, Toronto M. R. Maynard, President C. F. Wood, Vice-President, Operations
Aluminum windows and patio doors	100	DOMINION BRONZE LIMITED, Winnipeg J. D. Riley, President and General Manager
Cold rollformed steel and aluminum industrial and agricultural roofing and siding	100	EASTLAND METALS LTD., Mississauga, Ontario C. H. Wilson, President
Automobile parts and steel containers	80	FABRICATED STEEL PRODUCTS (WINDSOR) LIMITED, Windsor T. H. Eansor, President J. N. Eansor, Vice-President
Automobile bumper recycling and replating	80	FAIRMONT PLATING (ALTA) LTD., Edmonton, Calgary, Regina, Saskatoon and Burnaby, B.C. A. J. Bonar, President
Automobile bumper recycling and replating	80	FAIRMONT PLATING (MAN) LTD., Winnipeg and Omaha, Neb. A. J. Bonar, President
Aluminum grilles, awnings and hardware for doors and windows and other architectural products	100	FASHION GRILLES Division, Toronto H. M. Rich, President
Storm doors, prime windows and patio doors	100	HIALCO MFG. Division, Port Coquitlam and Kelowna, B.C. K. A. Eggen, General Manager
Aluminum windows and doors	100	INDAL PRODUCTS LIMITED, Rebmecc Division, Toronto and Moncton, N.B. I. R. Moore, President J. C. Middlebro', General Manager
Aluminum extrusions, surface finishings and fabrication of architectural products	100	INDALEX LIMITED, Toronto, Montreal, Calgary, Port Coquitlam, B.C. J. D. Macklem, President W. J. MacDonald, General Manager – Toronto R. E. Smith, General Manager – Montreal W. R. Hunter, General Manager – Calgary M. McNiven, General Manager – Port Coquitlam
Ladders	100	LITE METALS Division, Mississauga, Ontario R. A. Enghardt, Manager
Fibreglass speedboats and aluminum boats and canoes	100	MARINE Division, Toronto J. C. Middlebro', General Manager
Wood and vinyl windows	60	McKNIGHT WINDOW INDUSTRIES LIMITED, Toronto J. N. McKnight, President
Zinc die cast products	70	NORTH AMERICAN DIE CASTING CORP., Fredericksburg, Va. S. H. Ruderfer, President P. Crain, Vice-President

Demountable walls and office landscape partitions	100	RAM PARTITIONS LIMITED, Toronto J. E. Faveri, General Manager
Metal trading	75	RIO INDAL, INC., Cleveland, Ohio N. L. Butkin, President
Residential steel doors	100	SONNER PRODUCTS LIMITED, Cambridge, Ontario J. N. McKnight, President
Glass tempering	85	TEMPGLASS LIMITED, Toronto I. R. Moore, President W. C. Metcalfe, General Manager
Residential steel doors	56¼	THERMA-TRU LIMITED, Toronto S. G. Abray, General Manager
Trailer and mobile home components	100	TRAILWIND Division, Toronto C. G. Clarke, General Manager
Aluminum prime windows, doors, trailer and mobile home components	100	WESTERN ALUMINUM PRODUCTS Division, Calgary, Edmonton, Saskatoon, Prince George, Kamloops, Grande Prairie, Thunder Bay C. M. Kline, President
Cold rollformed steel and aluminum industrial, agricultural roofing and siding and rainwater goods	100	WESTLAND METALS LTD., Vancouver, Calgary, Edmonton R. B. Leeson, President E. W. Abercrombie, General Manager N. G. Gilliam, Alberta Manager

Locations of Plants, Warehouses and Sales Offices

- Plant
- Warehouse and/or Sales Office

- 1 Vancouver** ■■■●
Extrusions
Windows and doors
Roofing and siding
Bumper replating

2 Kelowna ●
Windows and doors

3 Kamloops ●
Windows and doors
Trailer and mobile home components

4 Prince George ●
Windows and doors
Trailer and mobile home components

5 Grande Prairie ●
Windows and doors
Trailer and mobile home components

6 Edmonton ■■■●
Bumper replating
Windows and doors
Trailer and mobile home components
Roofing and siding

7 Calgary ■■■●
Extrusions
Windows and doors
Trailer and mobile home components
Roofing and siding
Bumper replating

8 Regina ●
Bumper replating

9 Saskatoon ●●
Windows and doors
Trailer and mobile home components
Bumper replating

10 Omaha, Neb. ●
Bumper replating

11 Winnipeg ■■
Windows and doors
Bumper replating

12 Thunder Bay ●
Windows and doors
Trailer and mobile home components

13 Windsor ■
Automotive parts and containers

14 Cleveland ●
Metal Trading

15 Cambridge ■
Steel Doors

16 Toronto ■■■■■■■■■■
Extrusions
Windows and doors
Roofing and siding
Trailer and mobile home components
Store front systems
Hardware and zinc die cast products
Ladders
Engineered products
Demountable walls and office landscape partitions
Automatic door operators
Architectural products
Boats
Vinyl extrusions
Glass tempering

17 Montreal ■■■
Extrusions
Architectural products

18 Fredericksburg, Va. ■
Zinc die cast products

19 Moncton ●
Windows and doors
Boats



INDAL CANADA LIMITED

and Subsidiary Companies

A SUMMARY OF OPERATIONS SINCE INCORPORATION

	(\$ 000's)								
	1973	1972	1971	1970 (14 months)	1969	1968	1967 (15 months)	1966	1965
Sales-manufacturing operations	89,904	70,689	43,122 ¹	34,910 ¹	26,077	20,760	19,812	11,434	7,315
Net earnings for period	3,855	2,098	1,163	473	834 ²	783 ³	517	364	234
Indal Canada Limited preferred dividends	88	93	98	129 ⁴	109	114	149	79	—
Average number of common shares outstanding	1,563,315	1,385,316	955,673	951,046	917,127	826,537	618,403	562,712	550,000
Earnings per common share ⁵ (after preferred dividends)	\$ 2.41	\$ 1.45	\$ 1.12	\$ 0.37	\$ 0.79	\$ 0.81	\$ 0.60	\$ 0.51	\$ 0.43
Dividend per common share	\$ 0.425	\$ 0.30	\$ 0.20	\$ 0.25 ⁴	\$ 0.20	\$ 0.20	—	—	—
Common shareholders' equity	18,473	14,715	7,496	6,607	6,486	4,344	3,657	2,345	1,840
Book value per common share	\$11.62	\$ 9.58	\$ 7.84	\$ 6.94	\$ 6.84	\$ 5.22	\$ 4.43	\$ 3.97	\$ 3.35
Purchases of fixed assets	7,892	4,350	2,582	1,331	1,941	907	1,191	1,806	231
Cash generation	7,884	4,327	2,348	1,238	1,735	1,918	1,601	992	683

(1) The 1971 and 1970 sales figures have been adjusted to reflect the inclusion of Western Aluminum Products, a partnership in which the Company had a 50% interest.

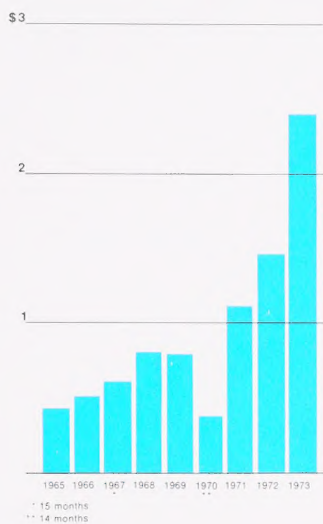
(2) Certain immaterial amounts have been reclassified in presenting the 1969 net earnings.

(3) Before crediting an extraordinary item of \$143,029 (equivalent to \$0.17 per common share).

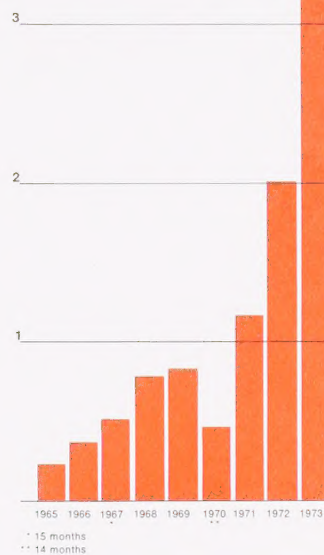
(4) Five quarterly dividends were paid during the fourteen month period.

(5) Earnings per common share have been calculated on the weighted average number of common shares outstanding during the year.

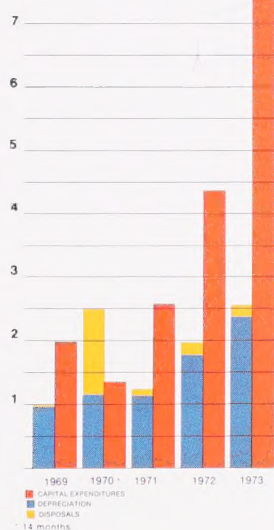
EARNINGS PER COMMON SHARE 1965-1973



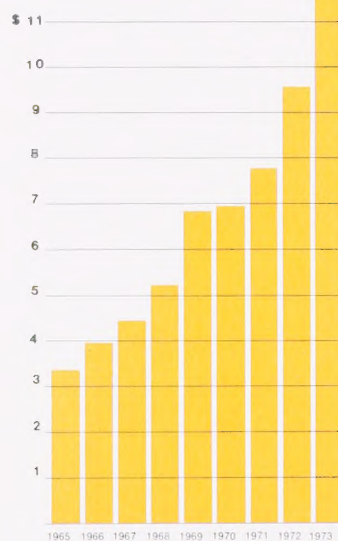
NET EARNINGS 1965-1973 (millions of dollars)



CAPITAL EXPENDITURES 1969-1973 (millions of dollars)



EQUITY PER SHARE 1965-1973



Quarterly earnings per common share

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year
1973	\$.18	\$.68	\$.83	\$.72	\$2.41
1972	.12	.41	.50	.42	1.45
1971	(.09)	.25	.56	.40	1.12
1970	(.19)	.06	.24	.26	.37

W 23rd apr

2nd springs.

double.

18th enter

18th 3rd apr. J. ~



INDAL Canada LIMITED